

Message Text

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PAGE 01 STATE 303786
ORIGIN XMB-04

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XMB

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EUR/EE:SFROMOWITZ

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R 211656Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY BUCHAREST

UNCLAS STATE 303786

FROM EXIM

E.O. 11652:N/A

TAGS: BPRO, EFIN, RO

SUBJECT:COOPERATIVE FINANCING FACILITY PROGRAM (CFF) IN
ROMANIA

1. ON DECEMBER 13, 1977 EXIMBANK'S BOARD OF DIRECTORS
EXTENDED THE ROMANIAN BANK OF FOREIGN TRADE (RBFT) U.S.
DOLS 5 MILLION CFF FROM NOVEMBER 30, 1977 TO DECEMBER 31,
1978. -

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2. YOU MAY RECALL THAT IN JUNE OF 1976, EXIMBANK PLACED
DOLLAR RESTRICTIONS ON THE CFF PROGRAM - U.S. DOLS 500,000
MAXIMUM CONTRACT VALUE PER TRANSACTION AND U.S. DOLS ONE
MILLION MAXIMUM AGGREGATE CONTRACT FINANCING PER BUYER.
RBFT REQUESTED TO BE EXEMPT FROM THESE DOLLAR RESTRICTIONS
BUT THEIR REQUEST WAS DENIED BY EXIMBANK. THE CFF DOLLAR
RESTRICTIONS HAVE NOW BEEN DE-EMPHASIZED. THE U.S. DOLS
ONE MILLION PER BUYER RESTRICTION HAS BEEN ELIMINATED,

THE U.S. DOLS 500,000 MAXIMUM CONTRACT PRICE PER TRANS-
ACTION RESTRICTION REMAINS IN EFFECT BUT EXIMBANK WAIVES
THIS RESTRICTION REGULARLY IF THE BANK PROVIDES A BRIEF
STATEMENT EXPLAINING THEIR REASON FOR SUBMITTING THE RE-
QUEST UNDER THE CFF PROGRAM - CONVENIENCE, CHEAPER COST
TO THE BUYER, FOREIGN COMPETITION ETC. IN ADDITION TO
THE ABOVE CHANGES, EXIMBANK HAS REDUCED ITS CFF INTEREST

RATE FROM 8 PERCENT TO 7.75 PERCENT PER ANNUM. UNDER THE
PRESENT CFF STRUCTURE, RBFT WOULD RECEIVE 7.75 PERCENT
FIXED RATE OF FINANCING AND WOULD NOT HAVE TO CONCERN
ITSELF WITH THE CFF RESTRICTION REGARDING PER BUYER
MAXIMUM DOLLAR FINANCING. WE BELIEVE THESE CHANGES WILL
BE FAVORABLY RECEIVED BY RBFT. EXIMBANK HAS NOTIFIED THE
BANK BY TELEX AND LETTER BUT THE EMBASSY MAY BE IN A
BETTER POSITION TO POINT OUT THE SIGNIFICANCE OF THESE
RECENT CHANGES. PLEASE FEEL FREE TO CONTACT US FOR
ADDITIONAL INFORMATION AND THANK YOU FOR YOUR
COOPERATION. VANCE

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